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MEMORANDUM FOR: Deputy Director, NFAC

FROM : SUBJECT : Analysis of   
Proposal

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1.  tasks include those to which levels of effort (in man-hours) can be assigned based on our ability to use them efficiently. I first try to attach some reasonable estimate to how much it would cost to accomplish the tasks for which this cannot be done. I then apply the residual cost of the  proposal to the tasks to which levels of effort can be assigned to get some feel for how much we are paying for each man-hour of services. Finally I discuss all tasks to see what can be said about the value or cost of the synergistic effect that we hope to achieve by engaging the same group of policy experts in both kinds of tasks. Unless otherwise specified Man-Hour (MH) in this memorandum means "Senior Policy Expert Analyst Man-Hour" as described in  proposal and man-hour (mh) means some other man-hour as specified in the context.

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2. The six tasks proposed by  can be divided as follows:

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- a. Man-Hour estimates assignable based on Agency needs for level of effort.

(1) Develop training materials and conduct seminars on two tracks.

(a) Analytic tools and their interdisciplinary integration, "Analytic Seminars" for short.

(b) Policy level information needs and sources, "Policy Support Seminars" for short.

(2) Participate in interdisciplinary analyses in one of three ways:

(a) Review intelligence products, "Reviewers" for short.

(b) Serve as team leaders for analytic projects, "Team Leader" for short.

(c) Serve as subteam leaders for a portion of an analysis or for integrating of various components of an analysis. For purposes of discussing Man-Hours this will be subsumed under "Team Leader".

(3) Perform short fuse, quick response, back-of-the-envelope analyses for senior NFAC managers to serve as skeletons for further NFAC analyses, for comparisons, etc., "Quick Analyses" for short.

b. Man-Hour estimates not assignable based on Agency needs for level of effort.

(1) Prepare a volume on intelligence analysis, "Write a Tome" for short.

(2) Assist management to analyze resource requirements by either:

(a) For specific areas project manpower, information handling and budgetary requirements for different levels and types of information needs, "Resource Projections" for short.

(b) Design new general approaches to budgeting to relate resource allocations better to the level of service delivered, "budgeting methods" for short.

(3) Conduct public seminars on government information needs for sound policy making, "Public Seminars" for short.

3. "Write a Tome" is a task that I first estimated would take one man four months. I have now spent 5-6 man-days and OCR twice that to assemble a bookshelf on analysis which is a step in writing a tome and we are not half done. I assume this work will be picked up by ☐ for starters, but I still must revise my estimate of the time to do this task up to six months with one man from the ☐ support staff on it full time. I also assume each policy expert will review material and make contributions to the tune of about one half Man-Days per month. Finally there is six months of secretarial help involved. Typically for a task like this the Agency or Defense Department has paid anywhere from \$20,000 to \$50,000. If we did it ourselves we would be talking at least six months for a GS-14 (if we could find one who could do it) and a GS-7 secretary to help with the mechanics. The base cost of this (not counting retirement, office space, general support, etc.) for six months is from the general salary schedule, \$15,500 + \$6,500 = \$21,000. So I conclude that we should attribute \$20,000 to \$40,000 to this task.

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4. In grasping the Public Seminar cost, I note that we have recently come up with \$30,000 from one pot and an unknown sum from another pot to pay the Defense Department for the full time services of a guy and his secretary to organize a couple (maybe as many as a half dozen?) seminars on the impact of technology on us. Optimistically I can't imagine us pulling off two such seminars in the next six months without at least half time of a senior guy who could deal with academic deans and college presidents (GS-16?) and his secretary (GS-7). So again on a basic pay scale we are talking,  $(\frac{1}{2})(\frac{1}{2})(\$47,500 + \$13,000) \approx \$15,000$ . So I would argue that \$15,000 to \$30,000 is a reasonable guess for this task. I assume later in my analysis (para. 15) that ☐ can set up these seminars with little direct policy expert involvement, but that most (specifically 5 out of every 6) of the policy experts will participate in each seminar, and that each seminar will last two days.

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5. In examining the Resource Projections or Budgeting Methods tasks I note that for similar work in the recent past we have paid from \$27,000 to \$50,000 per project. Therefore, I think that \$30,000 to \$50,000 for each of these tasks will bracket what we could hope for on an open bid.

6. In summary I come up with the following feeling for what we might pay for some of the services ☐ is offering if we went out for open bids on each of them:

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<u>Task</u>	<u>Low</u>	<u>High</u>
Write a Tome	\$20,000	\$40,000
Public Seminars	\$15,000	\$30,000
Resource Projections	\$30,000	\$50,000
Budgeting Methods	\$30,000	\$50,000
Totals:	\$95,000	\$170,000

These are very rough. In particular the low ends of the range probably understate the likely cost because of having ignored indirect costs in estimating how much it would cost us to do some tasks for ourselves. Therefore, I think \$140,000 (plus or minus \$20,000) is an optimistic estimate of what these tasks would cost us if we went out for bids on them and then did them ourselves if no bid was under our own costs (including indirect).

7. In looking at the tasks to which we can assign Man-Hour estimates based on our likely ability to absorb help I come up with the following approximations. I have thought about these in terms of Man-Days, have multiplied by 8 to convert to the Man-Hours to conform to common usage and then have rounded to the nearest ten to avoid implying undue precision.

8. I think we can use one pair of Analytic Seminars each week. We would expect 30-40 NFAC analysts to invest 2-3 hours each in one of the two seminars and the ATS policy expert running the seminar would probably invest a couple days in each pair of seminars when preparations and reporting are considered. This adds up to about 420 MH per six months.

9. We also probably can use one Policy Support Seminar per week. We would expect no more than about a dozen of our senior (GS-15 or more senior) people to attend each one, so we are talking a 2-3 hour seminar less than once per quarter for each senior analyst or manager. Since these will require somewhat more extensive preparations and debriefings than Analytic Seminars, I think the same ☐ effort is involved, i.e. about 420 MH per six months.

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10. I would guess that at any one time we would have at least four projects of the kind for which we would want an ☐ policy expert Team Leader (or subteam leader). With the Team Leader committed to spend a least one full day per week at Headquarters, we are talking a minimum of about 830 MH per six months.

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11. ☐ Reviewers can be very helpful to us during the time that NFAC's Senior Review Panel is being organized and maybe afterwards too. Nominally this would involve review of four or five products per week with about two days required for a review when the need to interact intensively and repeatedly with analysts is considered. This implies about 2080 MH per six month period.

12. My observation of topics that come up in one context or another is that we could well use at least one Quick Analysis every two weeks. The kind of thing we are talking about probably will average about a week with some taking only a day or two and some as long as a couple weeks. This implies at least 520 MH per six month period.

13. In summary I figure we will be wanting roughly the following levels of effort from ATS:

<u>Task</u>	<u>Six Month Task Totals</u>
Analytic Seminars	420
Policy Support Seminars	420
Team Leader	830
Reviewer	2080
Quick Analysis	<u>520</u>
	4270 MH

What is a reasonable price for this service? Simple arithmetic produces the following approximate table relating the cost of each policy expert Man-Hour and the total cost of the ☐ ... STAT contract attributable to the level of effort tasks. My understanding is that the kind of policy expert ☐ offers STAT can probably draw close to \$24 per MH as a consultant. This does not include the added cost we bear to use such a consultant effectively.

\$/MH	12	16	20	24	30	34	38
6 mo. Contract Cost	\$50K	\$70K	\$85K	\$100K	\$130K	\$145K	\$160K

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14. Comparison of the cost tables of paragraphs 6 and 13 show that [ ] proposal is not wildly out of line with what we would expect to pay if we bought each of these services individually on the open market. That is, we pay about \$140,000 for four specific tasks and about \$20/MH for various level of effort tasks. However, we hope to obtain better performance in each task by having [ ] perform all the tasks. It is reasonable to believe that the synergistic effects will count more than enough to counterbalance the uncertainties in the foregoing analysis.

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STAT 15. The major question that remains is whether one can expect [ ] to be able to perform all of these tasks during the period of the contract. Below are my rough estimates of the Man-Hours involved in various tasks:

<u>Task</u>	
Level of Effort Task Subtotal (Para. 13)	4270 MH
Write a Tome	580 MH
Public Seminars	640 MH
Resource Projections	700 MH
Budgeting Methods	<u>700 MH</u>
Approximate Total:	7000 MH

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Note that for Write a Tome and Public Seminars most of the time consuming work is done by [ ] staffers, not policy experts. I assume [ ] increases its stable of policy experts to two dozen. If each of these policy experts averages one day per week on this contract, we come up with about 8800 MH per year (allowing 6 weeks per year for vacation, sickness, etc.) So to accomplish all the tasks listed above in six months we are talking about each policy expert averaging a bit more than 1½ days per week on this contract, 30% of a five-day working week. I recommend that I compare these Man-Hour estimates with [ ] to ensure that ATS is confident that this kind of effort is feasible.

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